

# THE NATIONAL TREASURY



## MONTHLY DEBT BULLETIN JANUARY 2019

### 1.1 Introduction

As at end of January 2019, the nominal public and publicly guaranteed debt stood at Kshs 5.33 trillion or USD 52.87 billion which is 53.34 percent of GDP. Domestic debt stood at Kshs. 2.60 trillion or USD 25.81 billion while the External debt stock stood at Kshs 2.73 trillion or USD 27.06 billion. Domestic debt as a percentage of GDP stood at 26.04 percent whereas External debt stood at 27.30 percent. The structure of debt shows that domestic debt accounts for 48.82 percent of the total debt while external debt accounts for 51.18 percent.

### 1.2 Movement in Exchange Rates

The key currencies in which Kenya's public debt is denominated are USD, Euro, Yen, Yuan and Sterling Pound. Movements in exchange rates have implications on both the size of the external debt and the cost of external debt service. The USD moved from Ksh. 101.85 in Dec 2018 to Ksh. 100.89 in Jan 2019 against the Kenya Shilling while the Euro moved from Ksh. 116.45 to Ksh. 115.30 during the same period. This was 0.94 percent and a 0.98 percent appreciation against the USD and the EURO respectively. The Sterling Pound moved from Ksh 129.02. to Ksh. 132.01 while the Japanese Yen moved from Ksh. 92.27 to Ksh. 92.09 against the Kenya Shilling in the same period; translating to a 2.32 percent

depreciation against the pound and a 0.20 percent appreciation against the Yen, respectively. Similarly, the Chinese Yuan moved from Kshs 14.81 in Dec 2018 to Kshs 15.03 in Jan 2019 translating to a 1.46 percent depreciation against the Yuan.

### 1.3 Size of Public and Publicly Guaranteed External Debt

Overall public and publicly guaranteed external debt increased by Kshs 5.7 billion from Kshs 2,723.7 billion in Dec 2018 to Kshs 2,729.5 billion in Jan 2019. Between Dec and Jan 2019, debt owed to bilateral creditors increased by Kshs 34.9 billion from Kshs 833.6 billion to Kshs 868.5 billion while multilateral credit decreased by Kshs 20.9 billion from Kshs 870.1 billion to Kshs 849.2 billion. Commercial debt also decreased by Kshs 15.49 billion from Kshs 878.6 billion to Ksh 860.2 billion.

### 1.4 Currency composition of external debt

The proportion of debt denominated in USD stood at 69.20 percent, followed by Euro which accounts for 15.79 percent. The Japanese Yen, Yuan, and Sterling Pound accounted for 6.60 percent, 5.71 percent and 2.43 per cent respectively. Other currencies accounted for a 0.27 percent.

## 1.5 Actual Cumulative External Debt Service

Actual cumulative debt service as at end of Jan 2019 stood at Kshs. 105.9 billion; comprising of principal payments of Kshs 53.4 billion and interest payments of Kshs 52.5 billion. Commercial creditors accounted for Kshs. 61.3 billion (57.9 percent of the total debt service). Bilateral and Multilateral creditors stood at Kshs 31.9 and Kshs 12.7 billion accounting for 30.1 percent and 12.0 percent of the total debt service respectively.

The government being a guarantor of state enterprises debt is obliged to service such debt in the event the guarantee is called. There was no guaranteed debt in the month of Jan 2019.

## 1.6 Government Domestic Borrowing

During the month of January 2019, Government securities worth Kshs 136 billion were advertised. Bids worth Kshs 282.15 billion were received. Kshs 180.18 billion and Kshs 101.97 billion worth were bids received for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills amounted to Kshs 120.41 billion against the month's redemptions of Kshs 78.19 billion, giving exchequer surplus of Kshs. 42.21 billion. The successful bids from the Treasury Bonds was Kshs 38.49 billion against no redemptions for the month leaving a surplus of Kshs 38.49 billion to the exchequer.

## 1.7 Domestic Debt by Instruments

As at end Jan 2019, 61.11 percent of Government domestic debt was held in Treasury Bonds, 36.27 percent in Treasury Bills while the remainder of 2.62 percent was held as Government overdraft at the Central Bank of Kenya and advances from commercial Banks

## 1.8 Net Domestic Financing

As at end January 2019 the net domestic financing stood at Kshs 215.0 billion against an annual target of Ksh 310.16 billion for FY2018/19.

## 1.9 Cumulative Domestic Interest Payments

During the financial year 2018/19, the Government is projected to pay Kshs. 300.98 billion as interest on domestic debt. The actual cumulative interest payment as at end Jan 2019 stood at Kshs 146.77 billion. Of which, actual interest payments for the month of January 2019 on Treasury Bonds and Treasury Bills were Kshs 9.87 billion and Kshs 5.31 billion, respectively and Kshs 0.06 billion relates to interest on GoK overdraft and pre-1997 debt.

## 1.10 Average Interest rates for Treasury Bills

The average interest rates for 182 and 364 Treasury bills went up in Jan 2019 as compared to Dec 2018. The 182-day and 364-day rose from 8.40 percent, and 9.75 percent in Dec to 8.92 percent and 9.96 percent respectively in Jan 2019. The rate for 91-day bills dropped from 7.34 in Dec to 7.19 percent in Jan 2019.

ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE (IN KSHS MILLIONS) as at End of January 2019

Creditor	Stock at end December 2018	Stock at end January 2019	Change
<b>BILATERAL</b>			
AUSTRIA	84.31	960.14	875.83
BELGIUM	8001.39	11,559.96	3,558.57
CANADA	154.93	153.47	(1.46)
DENMARK	954.17	944.18	(9.99)
FINLAND	1936.93	1,780.88	(156.05)
FRANCE	62,351.87	68,503.39	6,151.52
GERMANY	27,810.29	29,750.57	1,940.28
ITALY	15,516.08	233.00	(15,283.08)
JAPAN	50,824.05	57,137.95	6,313.90
NETHERLANDS	441.35	419.47	(21.88)
UK	247.9	85.12	(162.78)
USA	2,551.91	2,144.60	(407.31)
PARIS CLUB OTHERS	22,208.54	57,292.59	35,084.05
NON PARIS CLUB	8,871.02	10,024.92	1,153.90
o/w CHINA	631,610.26	627,478.68	(4,131.58)
<b>Sub total</b>	<b>833,565.01</b>	<b>868,468.92</b>	<b>34,903.91</b>
<b>MULTILATERAL</b>			
ADB/AFDB	219,106.69	224,415.31	5,308.62
EEC/EIB	18,756.03	18,024.41	(731.62)
IDA	537,195.64	528,543.89	(8,651.75)
IFAD	16,496.18	16,874.13	377.95
IMF	68,889.62	51,601.08	(17,288.54)
OTHERS	9,652.54	9,780.24	127.70
<b>Sub total</b>	<b>870,096.71</b>	<b>849,239.06</b>	<b>(20,857.65)</b>
<b>COMMERCIAL</b>			
Commercial Banks	377,997.72	364,202.00	(13,795.72)
International Sovereign Bond	483,768.98	479,277.50	(4,491.48)
Suppliers Credit	16,856.97	16,698.72	(158.25)
<b>Sub Total</b>	<b>878,623.67</b>	<b>860,128.22</b>	<b>(18,495.45)</b>
Total National Government	<b>2,582,285.38</b>	<b>2,577,836.20</b>	<b>(4,449.19)</b>
<b>GUARANTEED</b>			
JAPAN	53,463.78	64,568.91	11,105.13
GERMANY	7,017.45	6,865.92	(151.53)
IDA (KR Concessionaire)	4,583.07	4,540.05	(43.02)
Kenya Airways (commercial debt)	76,384.57	75,667.50	(717.07)
<b>Sub Total</b>	<b>141,448.87</b>	<b>151,642.38</b>	<b>10,193.51</b>
National Government+ Guaranteed Total	<b>2,723,734.27</b>	<b>2,729,478.5</b>	<b>5,744.32</b>

Source: National Treasury

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